

Message Text

LIMITED OFFICIAL USE

PAGE 01 TOKYO 09504 150925Z

21

ACTION EA-10

INFO OCT-01 ISO-00 FEA-01 ACDA-05 CIAE-00 INR-07 IO-10

L-03 NSAE-00 NSC-05 EB-07 NRC-05 OES-03 ERDA-05

DODE-00 PM-03 H-02 PA-01 PRS-01 SP-02 SS-15 USIA-06

/092 W

----- 057300

R 150845Z JUL 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 1616

LIMITED OFFICIAL USE TOKYO 9504

E.O 11652 N/A

TAGS: NERG,JA

SUBJECT: ENRICHED URANIUM INVENTORY TAX

REF: STATE 155120

1. DURING INITIAL COURTESY CALL FONOFF SECOND NORTH AMERICAN AFFAIRS DIVISION DIRECTOR SAITO RAISED WITH E/C COUNS QUESTION OF TAX ON INVENTORIES OF ENRICHED URANIUM OWNED BY JAPANESE UTILITY COMPANIES AND LOCATED IN TENNESEE. SAITO REMARKED THAT EFFORT TO TAX THIS URANIUM WAS COMPLETELY UNEXPECTED AND OFFERED OPINION THAT, SINCE THE ORIGINL PURCHASE WAS MADE IN ORDER TO CARRY OUT BALANCE OF PAYMENTS OBJECTIVE OF THE INGERSOLL-TSURUMI ARRANGEMENT ON TRADE, USG SHHOULD RECOGNIZE THA THE QUESTION HAS POLITICAL AS WELL AS ECONOMIC AND LEGAL OVERTONES.

2. SAITO SAID THAT ANNUAL TAX, ACCRDOING TO HIS LATEST INFORMATION, WOULD BE ABOUT \$3.8 MILLION PERYEAR AND THAT ASSESSMENT MIGHT BE DUE FOR THREE YEARS. HE WAS FULLY AWARE OF THE FACT THAT IT MIGHT NOT BE TO ADVANTAGE OF JAPAESE UTILITIES TO MAKE THE CASE THAT TITLE DID NOT ACTUALLY TRANSFER IN 1973, THUS EXPOSING THEM TO

LIMITED OFFICIAL USE

PAGE 02 TOKYO 09504 150925Z

HAVING TO PAY CURRENT CHARGES FOR SERVICES WHICH,

ACCORDING TO SAITO, ARE UP TO \$52 PER SWU COMPARED TO \$32 PER SWU IN 1973.

3. SAITO HINTED THAT JAPANESE MAY DECIDE TO MAKE THEIR CASE AT THE POLITICAL LEVEL, POSSIBLY RAISING IT WITH AMBASSADOR HODGSON. COMMENT: JAPANESE HAVE, OF COURSE, ALREADY RAISED THIS QUESTION IN GENERAL TERMS WITH THE DEPUTY SECRETARY. THEY ARE CLEARLY IN A QUANDRY IN THE FACE OF THIS SURPRISE TAX LEVY WHICH MAY AMOUNT TO 11.6 MILLION. WHEN E/C COUNS REMARKED OFF HANDEDLY THAT SOME COMPROMISE SOLUTION MIGHT BE FOUND, SAITO ANSWERED ONLY THAT JAPANESE UTILITIES FEEL THAT THEY SHOULD NOT HAVE TO PAY ANYTHING. IT SEEMS THAT JAPANESE UTILITY COMPANIES HAVE TOSSED THIS PROBLEM TO THE FOREIGN MINISTRY WHICH FEELS UNDER STRONG PRESSURE TO SOLVE IT. THE OUTCOME OF THIS CASE IS CERTAIN TO HAVE AN IMPACT ON JAPANESE ATTITUDES TOWARDS PROPOSAL FOR THEM TO STOCKPILE AGRICULTURAL COMMODITIES OR CRUDE OIL IN THE U.S.

4. ACTION REQUESTED: GUIDANCE AS TO APPROPRIATE RESPONSE IN EVENT JAPANESE RAISE THIS ISSUE WITH THE AMBASSADOR.
HODGSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: URANIUM, POLICIES, TAXES, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 15 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TOKYO09504
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750243-1035
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750753/aaaabvsc.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 155120
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 JUL 2003 by BoyleJA>; APPROVED <18 NOV 2003 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ENRICHED URANIUM INVENTORY TAX
TAGS: ENRG, JA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006